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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 005329

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STATE FOR EAP, EAP/MTS, EAP/MLS, EAP/RSP
NSC FOR MORROW
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SUBJECT: GRP OFFICIALS REVIEW PHILIPPINE DEFENSE REFORM
WITH EAP DAS JOHN

Classified By: Charge d'Affaires, a.i., Paul W. Jones for
reasons 1.4 (b) and (d).

11. (C) Summary: In a November 11 meeting with EAP DAS John and Charge, Department of National Defense (DND) Undersecretary Carolina reviewed the Philippine Defense Reform (PDR) process. Carolina asserted that PDR was "embedded" in the system now and did not rely on current Defense Secretary Avelino Cruz's personal involvement to push it through. DND Undersecretary Rodel Cruz reviewed GRP views on possible new legislation to make the existing Visiting Forces Agreement (VFA) more applicable to ongoing anti-terrorism cooperation. U/S Cruz and U/S Carolina said Defense Secretary Cruz looked forward to his early December visit to Washington. DAS John underscored USG opposition to any form of emergency rule or martial law (septel). End Summary.

Review of PDR's status

12. (C) EAP DAS Eric John and Charge met DND Undersecretary for PDR Ernesto Carolina, DND Undersecretary for Legal and Priority Affairs Rodel Cruz, and Philippine Ambassador to the U.S. Alberto del Rosario on November 11. U/S Carolina said the PDR program was proceeding well, having grown out of the 2003 Joint Defense Assessment endorsed by President Bush and Arroyo during the former's October 2003 state visit to the Philippines. He noted that the DND was implementing the program in cooperation with the USG. (Note: The GRP committed USD 17.45 million to PDR in 2004, transferring this amount to a Foreign Military Sales, "FMS," account. Current USG counterpart funding is about USD 7 million. End Note.) Three key areas of PDR's continued focus include: 1) improving management of the armed forces; 2) underscoring GRP civilian control of the armed forces; and 3) building capacity for the war against terrorism. U/S Carolina commented that it had become easier for the DND to provide the Philippine Congress with a multi-year perspective of "resources linked to strategy" due to the implementation of modern management methods via PDR.

13. (C) U/S Carolina said the key practical step now was to upgrade capabilities for battalions, given the importance of the battalion as a fighting unit. The DND was working with the Armed Forces of the Philippines (AFP) completely to outfit and provide training for 14 battalions a year. U/S Cruz remarked that it would be useful if FMS could be used to purchase the equipment needed for this effort, which he hoped would prove faster than a commercial competitive bidding process. To assist the battalion upgrade process, U/S Cruz added that DND was working hard to develop its national training center at Fort Magsaysay and to build several regional training centers.

PDR Process seen as "Embedded"

14. (C) DAS John asked whether the PDR process now had its own momentum or whether it still relied on the efforts of DND Secretary Avelino Cruz. U/S Carolina responded that the DND

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has a "firm PDR management plan" in place and is neither ad hoc nor reliant on any personalities. Overall, the PDR effort was at this point "embedded" and firmly part of the AFP's future roadmap. U/S Carolina admitted that DefSec Cruz had done an excellent job of "marketing" PDR. Down the line, when there was new leadership at the DND, similar efforts to "push" PDR would also be key to its success, he added.

Examining "a New Legal Footing"

15. (C) U/S Cruz reviewed GRP views on possible new legislation on joint exercises that could supplement the existing VFA. U/S Cruz noted that the Mutual Defense Treaty (MDT) of 1951 and the VFA had been developed in a different

international context. Nowadays, he commented, the MDT and VFA did not adequately deal with needs in the area of anti-terrorism cooperation, which had become vital in the post-9/11 world. He explained that therefore DND is looking to place such cooperation on "a new legal footing." DND officials had not yet decided whether new legislation was needed to supplement the VFA, suggesting that perhaps only an addendum to the VFA regarding counter-terrorism cooperation might be necessary. He predicted that GRP proposals on the way forward could be ready by the end of the year.

16. (C) Charge said that it is important not to let consideration of a firmer legal footing impinge on our vital counterterrorism cooperation. U/S Cruz admitted that the GRP was under pressure to take steps on this matter from some elements in Congress. Senate Foreign Relations Committee Chairperson Miriam Santiago and Senator Juan Ponce Enrile, notably, had asserted that current anti-terrorism exercises had no legal basis, as they did not fit into the "baskets" of what was envisaged by the MDT and the VFA. However, Senator Richard Gordon and Senate Defense Committee Chairman Rodolfo Biazon were very helpful. U/S Cruz added that the GRP felt some urgency on the matter -- "legally speaking, we cannot afford even one thing to go wrong or the entire edifice of the MDT and VFA could fall down." U/S Cruz specifically noted that the GRP's "Kapit Bisig" proposal for upgraded GRP-USG counterterrorism cooperation could benefit from a more solid legal framework under which to operate.

17. (C) U/S Cruz and Carolina added that Defense Secretary Cruz looked forward to his early December visit to Washington.

18. (U) DAS John did not have an opportunity to review this message.

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Jones